

WEST VIRGINIA INFORMATIONAL LETTER  
INSURANCE COMMISSIONER

No. 9  
July, 1976

SALVAGE AND SUBROGATION

This Informational Letter is issued in order to reaffirm this Departments long-standing express position regarding the treatment of salvage and subrogation.

Due to the difficulty in ascertaining the value of items received as salvage on losses (whether paid or unpaid) and determining the amount which might be recovered by subrogation on losses (whether paid or unpaid), insurance companies incorporated under the laws of this State and foreign and alien companies licensed to do business in this State shall not take credit in any annual statement or interim statement filed with this Department for salvage or subrogation recoveries until such recoveries shall have been reduced to cash or its equivalent. Salvage or subrogation recoveries reduced to cash or its equivalent shall be accounted for as an offset to losses paid, in accordance with existing practices.

Our position is in accord with that espoused by the National Association of Insurance Commissioners and is by authority of Chapter 33, Article 7, Section 1 et seq. (1931, as amended) and Chapter 33, Article 4, Section 14 (1931, as amended) of the West Virginia Code.

Donald W. Brown  
Insurance Commissioner